

~~SECRET~~**THE DIRECTOR OF CENTRAL INTELLIGENCE**

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National Intelligence Council

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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence for Warning

FROM : Milton Kovner
: National Intelligence Officer for Western Europe

SUBJECT : Monthly Warning Assessment: Western Europe

West Germany

1. Analysts believe that the most likely outcome of the March 6 Bundestag elections will be a Kohl-led government, and that the FDP will remain a coalition partner of the CDU-CSU. The large number (20 percent) of undecided voters in recent opinion polls, however, along with the small number of voters that could decide whether the FDP or the Greens gain the 5 percent threshold for parliamentary representation, make some analysts cautious in predicting a clear conservative or conservative-liberal victory. Whatever the outcome, the new government will be under pressure to seek US movement away from the zero option as the immediate goal of the Geneva INF negotiations.

France

2. In the municipal elections on March 6 and 13 Socialists and Communists are expected to lose some of the unprecedented gains in mayoral and city council posts they registered in the 1977 elections. Recent polls suggest that losses may not be so high as feared earlier by the Left, and analysts agreed that if losses were contained to less than 30-40 posts, the outcome would not be

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interpreted as a major defeat for the government. The relative performance of Socialists and Communists could be significant in the context of a large overall setback for the Left. Socialist gains at Communist expense could fuel arguments within the PCI for moving into opposition; heavy Socialist losses are likely to increase internal party pressures for a return to more "radical" domestic policies by the government. Mitterrand appears determined, however, to persist on a course of relative economic austerity; and, whatever the election result, foreign policy is likely to remain essentially unchanged.

Cyprus

3. Although President Kyprianou won a decisive victory in the recent presidential election on the basis of an unprecedented alliance with AKEL, the pro-Moscow Cypriot Communist party, AKEL is expected to exert only marginal impact on the domestic or foreign policies of Cyprus. The Communist vote proved relatively stable at about one-third of the electorate, but Kyprianou's centrist Democratic Party still holds the balance between left and right in the Cypriot legislature. Moreover, AKEL, apparently with Moscow's blessing, does not intend to make demands for important government posts -- although it does hope to increase infiltration of ministries at lower levels. On the "Cyprus question," Kyprianou will seek internationalization of the problem but will also continue the inter-communal talks. Kyprianou's immediate concern is to retain Greek Prime Minister Papandreou's support for the inter-communal negotiations.

Greece

4. The State Department representative briefed on the status and prospects of the US-Greek base negotiations, noting that the fourth round of the current talks is to begin at the end of the month. The most recent policy problem was to bridge, without adverse impact on the talks, the announcement of sizable US military assistance to Turkey in fiscal 1984 and the virtual straightlining of aid to Greece at levels approximating those of the last two years. It was evident from the moderate tone of Papandreou's letter to President Reagan and his, on the whole, positive reaction to the President's reply, that he, too, felt it in the mutual interest to dampen public reaction to the disparity in projected aid levels. Most analysts believed that, despite Papandreou's recurrent assertions that the bases do not serve Greek interests and should be removed, he continues to place principal over principle with respect to the bases, and that US willingness to provide levels of assistance which he deems adequate will be the determining factor in the negotiating outcome.


Milton Kovner

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